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SUBJECT: FRAUD SUMMARY-(VIENTIANE): SPRING 2009

REF: (A) 08 Vientiane 558

VIENTIANE 00000249 001.2 OF 004

¶1. (U) SUMMARY: Vientiane is a medium fraud level post, with significant percentages of immigrant visa (IV) cases returned and a very large number of nonimmigrant visa (NIV) cases refused. The Fraud Prevention Unit (FPU) in Vientiane currently consists of one full-time Locally Employed Staff (LES) who also heads NIV. The Fraud Prevention Manager (FPM) is the Vice Consul who has other collateral duties at post, including visa and ACS interviews. The most prominent fraud experienced at post involves K-1 petitions. Fianc(e) and spousal related visa cases consume 83% of immigrant visa workload, almost doubling in numbers since 2004 and straining FPU resources. A newly hired LES member should allow devotion of more resources to fraud prevention and detection. FPU logged a total of 81 NIV, 157 IV and one ACS investigations, with 30 field investigations, from September 2008 to March 2009. END SUMMARY.

¶A. COUNTRY CONDITIONS

¶2. (U) The Lao People's Democratic Republic is a least-developed country with a single-party communist government. An estimated US\$572 per capita income ranks Laos as one of the poorest countries in East Asia. Some 70% of the population live on less than \$2 a day; 23% live on less than \$1 per day. Illiteracy is at nearly 50%. Agriculture is the dominant sector of the economy, contributing 46% of the GDP and employing approximately 79% of the population, mostly through subsistence farming.

¶3. (U) Laos is a medium fraud level country. The main contributors to fraud in Laos are the large proportion of the population with family ties in the U.S., and the intention of many to work illegally in the U.S. Most of the applicant pool at Embassy Vientiane, as well as most of the fraud, comes from two of Laos's 49 official ethnic groups: the ethnic Lao and the Hmong. Ethnic Lao are the largest ethnic group in the country. The Hmong constitute less than ten percent of the population but make up an estimated 25 to 30 percent of our visa applicant pool. The most recent U.S. census estimated that 170,000 ethnic Lao and 170,000 ethnic Hmong currently live in the United States. Hmong-American petitioners of K-1 visas have tripled in number since 2004, possibly due to a change in Lao immigration policy allowing longer stays for U.S. citizens born in Laos.

¶B. NIV FRAUD

¶4. (U) Eighty-six percent of NIV applicants at post request B1/B2 visas, the majority of whom are applying to visit relatives. Identity fraud is one of the largest problems currently facing the consular section. Some applicants after being refused visas return

at a later time with a new identity which is reflected in a new national ID card, new household registration, and new passport. Vientiane has one of the highest adjusted NIV refusal rates in the world at 68%. A 2006 B1/B2 validation study indicated a 39% non-return rate and 2008 R-1 validation study indicated a 20% non-return rate. Very few third country nationals apply at post; for the reporting period only 66 third country nationals out of 3,558 applicants applied for nonimmigrant visas; forty seven were issued visas.

¶5. (U) From September 2008 to March 2009, NIV applications decreased 27% compared to the same period last year. Refused applicants have reported to officers during fraud investigations that family members in the U.S. have told them that finding work in the U.S. is now much more difficult due to the economic decline in recent months. In addition, many of those applicants who have family members in the U.S. report that they can no longer depend on financial support from abroad for their travel.

¶6. (U) Although the U.S. is still the most popular destination for Lao travelers, an increasing number of those issued visas do not actually use them for travel. Instead, they use them to bolster their credentials to apply for visas from Australia, Canada, the U.K. and other European countries.

¶7. (U) R-1 visa applications were previously rife with fraud. A 2008 validation study showed that 20% of issued applicants remained in the U.S. and that many did not work at the temples that originally sponsored them. Since December 2008, when USCIS began requiring an approved I-129 petition for R-1 religious workers, post has seen a dramatic drop in new applications, and did not see a single approved petition in the first three months of 2009.

¶8. (U) Post does not handle many H and L cases. For the reporting

VIENTIANE 00000249 002.2 OF 004

period, Embassy Vientiane adjudicated one H1B for a Chilean citizen and no L cases.

¶C. IV Fraud

¶9. (U) Relationship fraud is rampant in immigration cases; this generally includes sham marriages and divorces, among close family relatives, and relationships simply for immigration purposes. FPU has developed a list of fraud indicators commonly seen in sham Lao relationships. The limited education of most Lao applicants and the culturally accepted practice of arranged marriages means that some bona fide applicants and their fianc(e)s in the United States who have every intention of marrying and following immigration law may not have strong evidence of relationship that one might expect (such as specific knowledge about each other's lives, interests, etc.).

¶10. (SBU) Over the past four years, post has seen a 66% increase in K-1 petitions, from 472 in 2004 to 783 in 2008. During this period, K-1 applications stayed steady at 75% of the total IV application intake. However, given their complexity and high fraud potential, K-1 petitions take up the bulk of FPU resources and time in examining relationships and fraud indicators. FPU recently conducted a K-1 visa validation study of applicants issued in 2004 that showed 14% of issued visa cases contained fraud. Fraud rates seem to be increasing significantly. For example, in 2004 only 29 cases were returned for revocation, where as 150 cases were returned for revocation in 2008. The primary reasons for requesting petition revocation were a lack of evidence of relationship (66%), hidden spouses and pseudo-bigamous petitioners (21%), invalid divorces (8%), and suspected underage beneficiaries (5%).

¶D. DV FRAUD

¶11. (SBU) Post experiences high fraud in managing diversity visa cases. Many 2007 DV lottery "winners" could not substantiate education, bona fide marital status, or vocational qualifications. Many students either do not receive or do not keep school documents issued at the time of graduation. Few receive formal vocational training in qualifying skills. Derivative spousal relationships can often be documented only after principal applicants have been

notified of being selected for the DV program. In 2008 and 2009, a U.S. citizen visa consultant, who served as the primary form filler for Lao DV applicants in the U.S. turned her efforts to K-1 visas. Since then, we have seen a large drop in the number of successful DV applicants coming to interview. Only two cases reached Post in 2008, and both were unable to complete the requested documents before the September 30th deadline.

¶E. ACS AND PASSPORT FRAUD

¶12. (U) FPU experiences low fraud rates for ACS and passport services. The number of American citizens traveling to Laos for tourism, business, or retirement continues to increase, but so far without apparent increased fraud.

¶F. ADOPTION FRAUD

¶13. (SBU) Adoption fraud rates remain at a medium rate. Adoption of Lao children by foreign citizens is prohibited in Laos. However, because it was prohibited by Prime Ministerial decree, the Prime Minister's office can waive the restriction. Until recently, post saw very few adoption cases (seven in 2007). This number increased to 23 in 2008 as a number of expatriate U.S. citizens resident in Laos adopted Lao infants. FPU and the IV Unit are working closely with the Ministry of Justice office that oversees the adoption process to monitor potential fraudulent applications and potential child trafficking issues. To date, no cases of "child buying" or other fraud indicators have been detected.

¶G. USE OF DNA TESTING

¶14. (U) In cases of suspected relationship fraud, or where sufficient evidence of relationship is lacking, post has requested DNA tests to prove a biological relationship. Five mala fide applicants were discovered through DNA testing in the last 12 months, two involving CRBA cases. Laos has several complicating factors, including lack of a centralized civil records system, lack of popular awareness of any need to register births or other important life events, and poor record keeping in general. It is not uncommon to have extended and polygamous families living together. Often, cousins or family friends are listed as children of the head of the household, and are commonly referred to in conversations as siblings or children. Post is increasing its usage of DNA testing,

VIENTIANE 00000249 003.2 OF 004

and now monitors CRBA and IV cases for possible abandonment after requesting DNA. In the last six months, it appears that about 60 to 70 percent of cases follow up on DNA requests within one to three months.

¶H. ASYLUM AND OTHER DHS BENEFIT FRAUD

¶15. (U) There is little or no asylum or DHS benefit fraud from the limited number of Visa 92/93 cases that post processes.

¶I. ALIEN SMUGGLING, TRAFFICKING, ORGANIZED CRIME, AND TERRORIST TRAVEL:

¶16. (U) Laos is a source and transit country for Trafficking in Persons (TIP). Applications by third country nationals, outside of resident NGO foreign employees, are rare. Consular officers do rely on translators for applicants who do not speak Lao, Hmong or English. In some cases, applicants supply their own translator, which could provide opportunities for traffickers. Post also works closely with the Regional Fraud Prevention Manager and the Department of Homeland Security for cases suspected of involving regional smuggling rings. For cases with a U.S. nexus, the Regional Security Officer works with U.S. and local law enforcement for arrest and prosecution.

¶J. COOPERATION WITH LOCAL AUTHORITIES

¶17. (U) The Consular Chief meets regularly with working level counterparts at the Consular Department of the Ministry of Foreign Affairs to discuss an array of issues, including Lao passport fraud. Each month, three to five applicants present duplicate passports

issued with new names, surnames and dates of birth. This is done to hide prior refusals or derogatory information in our database. Post's consular officers confiscate these passports, which are detected by the IDENT system, and return them to MFA with information about the applicants and their claimed identities. MFA officials have stated that the false identity problem is a local problem, as vital documents are issued at the village level, household registrations are issued at the district level, identity cards are issued at the provincial level, and passports are issued based on those local documents.

¶18. (U) While the MFA has stated that holding two identities is a crime under Lao law, they have not clarified what penalties these crimes might warrant, and what procedures one must follow to legally change one's name (a common occurrence in Laos, generally to change one's luck). The MFA has requested that we send any fraudulent identity passports to them for their action, but there seems to be little follow-up by authorities to punish offenders.

¶19. (U) Consular officers at post also work in close coordination with Bangkok's Immigration Compliance Experts (ICE) Team in training Vientiane immigration officers at the Wattay International Airport and at the Friendship Bridge land border connecting Laos to Thailand. Training sessions are taught on a variety of immigration issues such as detecting imposters, false documents, passports, and visas, and working with Thai immigration and airline colleagues.

¶20. (U) Post holds consular lunches with other Embassies' consular representatives on a quarterly basis to share issues of concern and fraud trends. Consuls and immigration officers from Australia, France, Germany, Japan, South Korea and Singapore usually attend. FPU recently cooperated with counterparts at the Australian Embassy on detecting fraudulent bank books and marriage certificates. We shared exemplar mala fide documents to improve our adjudications.

¶K. DS CRIMINAL FRAUD INVESTIGATIONS

¶21. (U) The consular section requests assistance from the Regional Security Office to investigate one to three suspected cases of NIV and IV fraud each month. A local RSO investigator assists with verifying employment, identity and claimed relationships of visa applicants.

¶L. HOST COUNTRY PASSPORT, IDENTITY DOCUMENTS AND CIVIL REGISTRY

¶22. (SBU) Laos does not have a well-established system for issuing civil documents. There is no standardized form for birth or marriage certificates and no centralized authority for the issuance of such documents. Many documents are handwritten and issued by a village chief. Passports and national ID cards are the only nationally issued forms of identification. The information on a Lao passport or ID card cannot always be accepted at face value. False

VIENTIANE 00000249 004.2 OF 004

or duplicate identities are common among visa applicants. Forged or false business licenses, bank books, identity cards, and household registration books are common. Detection of altered or fraudulent documents is also common, as production is generally unsophisticated.

¶M. Areas of Particular Concern

¶23. (U) Adjudicating officers have encountered applicants who have purchased visa packages and interview coaching from nefarious individuals and businesses throughout the capital. In March 2009, a woman appeared for an NIV interview with a falsely claimed purpose of travel and counterfeit government and supporting documents. When interviewed for an hour by FPU, she admitted to purchasing a visa package from an individual outside of MFA for \$3,000-\$4,000. The package even included borrowed clothing (to look professional), jewelry, and a designer name purse. It turned out that the applicant sought to engage in unauthorized employment in the U.S., either at a farm or a restaurant in California, should her visa be granted.

¶N. Staffing and Training

¶24. (U) In March, the Regional FPM based in Bangkok and one FPU LES-Investigator visited Vientiane and provided valuable training for officers and LES on interviewing methodology, field visit techniques, maintaining fraud statistics and reporting.

¶25. (U) The Fraud Prevention Manager at post is Neal Turner. Post has no LES Investigators at this time, but selects LES from the Visa Unit to assist with cases. The LES NIV Manager serves as the designated FPU LES and works closely with the FPM on SOPs and caseload management.

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